

**DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**

---

**COMMAND AUDIT OF  
COMMUNICATIONS CENTERS  
SUPPORT SECTION**



**FINAL REPORT**

**JUNE 19, 2009**

**M e m o r a n d u m**

Date: June 19, 2009

To: Office of the Commissioner  
Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2008 COMMAND AUDIT REPORT OF COMMUNICATIONS  
CENTERS SUPPORT SECTION

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* § 2020, issued by the Institute of Internal Auditors, Government Code §13887 (a)(2), and the California Highway Patrol (CHP) Audit Charter, I am issuing the 2008 Command Audit Report of Communications Centers Support Section. The audit focused on the command's cash receipts, contracts, evidence, purchasing, reimbursable services contracts, and advanced payments for predetermined services.

The audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. Communications Centers Support Section agreed with the findings and plans to take corrective actions to improve its operations. The command will be required to provide quarterly updates to the Office of Inspections on the progress of their corrective action plan implementation until the command has resolved all deficiencies. Additionally, the Office of Inspections plans on conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887 (a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Office of the Assistant Commissioner, Staff; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Information Management Division; and Communications Centers Support Section. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code 6250 et seq. Furthermore, in accordance with the Governor's Executive Order S-08-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted on the CHP's

*Safety, Service, and Security*

Office of the Commissioner  
Page 2  
June 19, 2009

internet website, and on the Office of the Governor's webpage, located on the State's Government website.

The Office of Inspections would like to thank Communications Centers Support Section's management and staff for their cooperation during the audit. If you need further information, please contact Assistant Chief Ken Hill at (916) 843-3005.

  
M. C. A. SANTIAGO  
Assistant Commissioner

cc: Office of the Assistant Commissioner, Staff  
Office of Legal Affairs  
Office of Inspections  
Information Management Division  
Communications Centers Support Section

*BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
DEPARTMENT OF CALIFORNIA HIGHWAY PATROL*

*COMMAND AUDIT OF COMMUNICATIONS  
CENTERS SUPPORT SECTION*

*OFFICE OF INSPECTIONS, AUDITS UNIT*

*June 19, 2009*

# TABLE OF CONTENTS

---

Executive Summary .....	1
Audit Report .....	2
Introduction.....	2
Objective and Scope .....	2
Methodology .....	2
Overview.....	3
Findings and Recommendations.....	4
Conclusion .....	7

## Annexes

Response to Draft Report from Information Management Division .....	A
Response to Draft Report from Communications Centers Support Section.....	B

# EXECUTIVE SUMMARY

---

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol's (CHP) 2008 Audit Plan, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. Information Management Division selected the Communications Centers Support Section.

The CHP's 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations.

The audit scope period covered the twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period of January 1, 2008, through June 30, 2008.

Based on the review of the Communications Centers Support Section's operations, this audit revealed it has complied with most operational policies. However, some weaknesses were observed. The following is a summary of the identified weaknesses:

## **Contracts**

- The command did not receive final contract approval prior to the start date of non-emergency contracts.
- The command did not document if invoice payments were made timely.

Please refer to the Findings and Recommendations section for detailed information.

# AUDIT REPORT

---

## **INTRODUCTION**

To ensure the California Highway Patrol's (CHP) operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. Information Management Division selected Communications Centers Support Section.

The CHP's 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

## **OBJECTIVE AND SCOPE**

The objective of the evaluation is to determine if the command has complied with operational policies and procedures that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period January 1, 2008, through June 30, 2008. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from December 15 – 17, 2008.

## **METHODOLOGY**

Each Division commander selected one command to be audited regarding their cash receipts, contracts, evidence, purchasing, reimbursable service contracts, and advanced payments for predetermined services. Additionally, the Division commander could select any of the following topics: asset forfeiture, fleet operations, personnel records, and strategic plan reporting. The Information Management Division commander did not select any of the optional topical areas for this audit. When preparing for the audit, and due to limited auditing resources, reimbursable service contracts was reduced to an examination of the Driving Under the Influence (DUI) Cost Recovery Program and advanced payments for predetermined services was reduced to Wide Load Services. Also, the audit of evidence was limited to guns, drugs, and money. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command. Furthermore, the auditors reviewed prior audit reports and findings.

## **OVERVIEW**

**Contracts:** Contracts appear to be processed according to departmental policy but the process could be improved. Based on a review of some contracts maintained by the command, the command did not receive final contract approval prior to the start date of non-emergency contracts; and, the command did not document if invoice payments were made timely.

This audit revealed the command has adequate operations, nevertheless, weaknesses were discovered, which if left unchecked could have a future negative impact on the command and Department operations. These weaknesses should be addressed by management to maintain the command's compliance with appropriate laws, regulations, policies, and procedures. The findings and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.



# FINDINGS AND RECOMMENDATIONS

---

## CONTRACTS

**FINDING 1:**           **The command did not receive final contract approval prior to the start date of non-emergency contracts.**

**Condition:**           Based on a review of four contracts, the command did not obtain final approval for two contracts prior to the start date. One of the two contracts required Department of General Services/Office of Legal Services (DGS/OLS) approval. Contract 7C048004-0 was approved 43 days after the contract's start date and contract 7R048000-0 was approved 102 days after the contract's start date. However, the auditor noted there was no evidence of invoices being approved for payment before the contract was approved. Also, the review of reimbursable services contract 7R048000-0 revealed there was no evidence the CHP provided any services prior to the final approval date of the contract.

**Criterion:**           Government Code (GC), Section 13403(a)(6) says in part the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to, an effective system of internal review.

State Contracting Manual (SCM), Section 4.09A, Approval and Commencement of Work, Basic Policy states, "The basic state policy is that no contractor should start work until receiving a copy of the formally approved contract. The approval by DGS/OLS is the final, formal approval of the contract. The law provides that when DGS/OLS approval is required, contracts for services should not begin before receipt of approval; payment for services may not be made until the contract is approved by the DGS/OLS or, in the case of an exempt contract, until it is formally approved by the agency."

SCM, Section 4.09D, Warning to Contractors states,

- "1. Contracts are not valid unless and until approved by DGS/OLS if such approval is required by law. See PCC § 10335.
2. The contractor should be warned not to start work before receipt of the approved contract. The warning can be provided in the IFB or RFP, at the time of the award, or at the time the contract is sent to the contractor for signature.
3. If the contract is not approved and the contractor has begun work, the contractor may be considered to be a volunteer or the contractor may have to pursue a claim for payment by filing with the **Victim Compensation and Government Claims Board**.

~~Board of Control~~ The state has no legal obligation unless and until the contract is approved.”

SCM, Section 2.05, Elements of a Valid Contract states, in part, each contract must contain certain information. One of the information elements is the signature by a person for each party who is authorized to bind that party.

Highway Patrol Manual 11.1, Administrative Procedures Manual, Chapter 22, Service Contracts/Letters of Agreement, paragraph 6.a.(4) states, “Assess and request amendments, renewals or new contracts as required, allowing sufficient time to process and execute such changes before the contract expires or funds are depleted in order to prevent a lapse in service. Three months are required for amendments and six months for renewals and new contracts. All requests submitted outside this timeframe shall have the prior approval of the Assistant Commissioner, Staff for expedited processing. Under no circumstances will service agreements or amendments be processed unless all required signatures and any external approvals are obtained prior to the start date of the contract.”

**Recommendation:** The command should obtain final approval prior to the start date of non-emergency contracts.

**FINDING 2:** **The command did not document if invoice payments were made timely.**

**Condition:** Based on a review of four contract files, it was observed that most of the invoices were not date stamped by the command when received. Therefore, the auditor was unable to determine if the vendor’s invoices were paid timely since neither the invoices were date stamped nor the envelopes retained showing the postmark date to establish when the invoices were received.

**Criterion** GC, Section 927.(b) states, “It is the intent of the Legislature that state agencies pay properly submitted, undisputed invoices within 45 days of receipt, or automatically calculate and pay the appropriate late payment penalties as specified in this chapter.”

HPM 11.1, Administrative Procedures Manual, Chapter 24, Payment of Invoices, paragraph 3.a.(3), (a), (b), (c), 1, 2, 3, 4, and 5 states, “Every command shall establish a system of tracking invoices submitted for payment. Each command should designate a responsible employee to ensure every invoice is reviewed and approved by the commander or an authorized designee and that invoices are submitted to FMS only once.

(a) Interest penalty charges will automatically be paid to the vendor if the invoice is not paid (or properly disputed) within the specified time period.

(b) Invoices shall be date stamped by commands upon receipt. Additionally, the envelope in which the invoice arrived shall be attached to the invoice. Some vendors mail their invoices several days after the invoice date; therefore, it is necessary to identify the postmark date.

(c) Commands shall forward the following items to FMS within three (3) business days of receipt:

1 Approved invoices.

2 Envelopes of invoices which reflect the postmark date.

3 "Received Copy" of purchase documents.

4 Complete STD. 204, Payee Data Record (available on Form Flow) for first time automotive and X number (sic. X-number) vendors.

5 Any other payment-related documents."

**Recommendation:** The command should document if the invoice payment was made timely in order to avoid paying late payment penalties. Additionally, the command should date stamp the invoices when received and retain postmarked envelopes containing invoices to verify when invoices were received.

## CONCLUSION

---

Based on the review of the command's operation, this audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

# **ANNEX**

## **A**

## Memorandum

Date: May 19, 2009

To: Assistant Commissioner, Staff

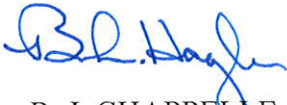
From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Information Management Division

File No.: 040.11709.048.A14927.0-0580

Subject: RESPONSE TO FINDINGS OF THE 2008 DRAFT COMMAND AUDIT  
REPORT

The purpose of this memorandum is to provide a response and follow up corrective measures to the findings contained in the attached 2008 Draft Command Audit Report of Communications Centers Support Section (CCSS) dated May 12, 2009. Communications Centers Support Section has taken corrective measures as outlined in the attached memorandum and incorporated the changes in CCSS's Standard Operating Procedures.

Should you have any questions, please contact Dee Dee Teel, CCSS commander at (916) 375-2700.



 R. J. CHAPPELLE, Chief

Attachment

*Safety, Service, and Security*

# **ANNEX**

## **B**

## Memorandum

Date: May 12, 2009

To: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Information Management Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Communications Centers Support Section

File No.: 048.A10679.Sch#2008021126.Doc

Subject: RESPONSE TO FINDINGS OF THE 2008 DRAFT COMMAND AUDIT  
REPORT

Communications Centers Support Section (CCSS) has reviewed the 2008 Draft Command Audit Report of Communications Centers Support Section dated April 27, 2009. The following findings required a response and follow up corrective measures:

### Contracts

**FINDING 1: The command did not receive final contract approval prior to the start date of non-emergency contracts. Contract 7R048000-0 was approved 102 days after the contract's start date and contract 7C048004-0 was approved 43 days after the contract's start date.**

**AGREE:** All reimbursable contracts are to be received in the Contracts Services Unit (CSU), for processing, a minimum of three months prior to the effective date of the contract. Contract 7R048000-0 was received in CSU on February 19, 2008, with an effective date of March 1, 2008. Although the contract was approved after the effective date, no services were rendered prior to the approval date. The Standard Operating Procedures (SOP) for CCSS will be updated to reflect the proper timeline required to ensure that all reimbursable contracts are processed correctly.

**AGREE:** All standard contracts are to be received in the CSU, for processing, a minimum of six months prior to the effective date of the contract. Contract 7C048004-0 was received in CSU on November 27, 2007 with an effective date of April 1, 2008. The preparation of this contract was completed by Telecommunications Section (TS). Communications Centers Support Section temporarily assumed responsibility in mid 2008 but TS has been appointed as the permanent Office of Primary Interest. Although all other standard contracts for CCSS were approved prior to the effective date, the SOP for CCSS will be updated to reflect the proper timeline required for standard contracts.

*Safety, Service, and Security*



Information Management Division

Page 2

May 12, 2009

**FINDING 2: The command did not document if invoice payments were made timely.**

**AGREE:** Communications Centers Support Section has consistently followed the standard procedure for processing invoices by date stamping and approving for payment within three days of receipt. It is CCSS SOP policy of sending the envelope with the approved invoice to accounting for payment. As a new procedure, CCSS will include a copy of the date stamped envelope in the subject file for all invoices to serve as documentation of timely payment. The CCSS SOP will be revised to include this directive.

If you have any questions or need additional information, please contact me at (916) 375-2700.



D. P. TEEL  
Commander